

**Hermes Microvision, Inc.**  
**2016 Annual Shareholders' Meeting Agenda**  
**(Translation)**

**Time and Date:** 9:00 a.m., June 8, 2016 (Wednesday)

**Place:** The Allied Association for Science Park Industries, Room 101  
(No.2, Zhanye 1st Rd., East Dist., Hsinchu City 300, Taiwan)

**Attendance:** Attending shareholders and proxy representing 59,706,466 shares  
accounted for 84.09% of the Company's total outstanding shares.

**Attended Directors:** Chin-Yung Shu, Hermes-Epitek Corp., Jack Y. Jau, Chyan Yang, Han-Liang  
Hu, Huai-Chi Tu, Kai-Tai Liang, and Lien-Fang Kin.

**Attended Managements:** COO- Chung-Shih Pan, CFO- Hsiao-Lien Shen, Attorney- Jackie Tsai  
from Tsar & Tsai Law Firm, and Independent Accountant- Kwok-Wah Tsang,  
PwC.

**Chairman:** Mr. Chin-Yung Hsu, Chairman of the Board of Directors

**Recorder:** Mr. Hsiao-Lien Shen

1. Chairman's Address: Omitted.
2. Proposed Resolution (1)  
(Proposed by the Board of Directors)  
Subject: To revise the company's "Article of Incorporation." Please proceed to discuss.  
Descriptions: In order to conform to related commercial laws, and to implement shareholder  
director nomination system, the company hereby proposes to revise the  
"Article of Incorporation." Please refer to page 3 (attachment 1) for details.  
RESOLVED, that the above proposal be and hereby was approved as proposed.
3. Report Items
  - (1) To report the business of 2015  
Explanatory Notes: Please refer to page 4, Attachment 2.
  - (2) Audit Committee's review report  
Explanatory Notes: Please refer to page 5, Attachment 3.
  - (3) To report the employee compensation and directors' remuneration  
Explanatory Notes: Please refer to page 6, Attachment 4.

4. Acknowledgements

Acknowledgement (1)

(Proposed by the Board of Directors)

Subject: Adoption of the 2015 Business Report and Financial Statements

Descriptions:

- (1) Hermes Microvision, Inc's 2015 Financial Statements, including the balance sheets, statements of comprehensive income, statements of changes in shareholders' equity, and statements of cash flows, were audited by independent auditors Tien-Yi Li and Kwok-Wah Tsang of PricewaterhouseCoopers. The report issued by the independent auditors has been approved by the Board.
- (2) For the 2015 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements, please refer to page 4, Attachment 2, page 7-16, Attachment 5-6.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Acknowledgement (2)

(Proposed by the Board of Directors)

Subject: Adoption of the proposal for distribution of 2015 Profits

Descriptions:

- (1) The 2015 Profit Allocation Proposal is attached hereto as Attachment 7. Please refer to page 17.
- (2) For the distribution amount to any shareholder that is less than NT\$ 1 will be accounted as other income of the Company.
- (3) If the outstanding shares are impacted due to the Company's subsequent share buybacks, the transfer or cancellation of treasury stocks, the conversion of convertible corporate bonds, the exercise of employee stock options, the capital raising, or other matters, it is proposed the Board of Directors be authorized by the Annual Meeting of Shareholders to adjust the cash payout ratio.

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Proposed Resolution (2)

(Proposed by the Board of Directors)

Subject: To revise the company's "Rules Governing Director Elections." Please proceed to discuss.

Descriptions: In order to implement shareholder director nomination system and enforce corporate governance, the company hereby proposes to revise the "Rules Governing Director Elections." Please refer to page 18 (attachment 8) for details.

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Special Motions: None

7. Meeting Adjourned

Board of Directors  
Hermes Microvision, Inc.

## Attachment 1

### Hermes Microvision, Inc.

#### Details of revision of the Company's "Article of Incorporation"

After revision	Before revision	Remarks
14.The Company shall have seven (7) to thirteen (13) directors. The term of office of director is three (3) years. <u>The Company adopts a candidates nomination system which shareholders shall elect the directors from among the nominees listed in the roster of director candidates</u> ; re-election shall be permissible.	14.The Company shall have seven (7) to thirteen (13) directors. The term of office of director is three (3) years. <u>The directors shall be elected in the shareholders' meeting from persons with capacity to make judicial acts</u> ; re-election shall be permissible.	Amended in accordance with the adoption of candidates nomination system for election of board of directors.
15.The board of directors shall be organized by directors. The chairman of the board of directors shall be elected from the directors by an approval of a majority of the directors present at a directors' meeting attended by two-thirds or more of all directors. The chairman shall have the authority to represent the Company externally. <u>The board of directors shall elect the vice chairman according to the same rule as the election of chairman.</u>	15.The board of directors shall be organized by directors. The chairman of the board of directors shall be elected from the directors by an approval of a majority of the directors present at a directors' meeting attended by two-thirds or more of all directors. The chairman shall have the authority to represent the Company externally.	Amended in accordance with the adoption of candidates nomination system for election of board of directors.
20. If there is profit in the preceding fiscal year, the Company shall provide for and pay taxes, offset its losses in previous years, set aside a legal reserve at 10% of the profits, <u>and then, by resolution of the company's shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve or reverse special reserve.</u> As for the dividends distribution, a plan of distribution of dividends shall be proposed by the board of directors according to the dividend policy set forth in Paragraph 2 of this Article, and submitted to shareholders' meeting for approval. Considering that the Company is in a growth stage, for the purpose of matching the overall environment and characteristics of the industry, and for the goal of achieving sustainable operation and long-term interests of shareholders, the dividend policy shall take into consideration factors such as the Company's current operating conditions and the capital budgeting plans of the subsequent year. In principle, dividends to shareholders shall be distributed in a combination of cash and shares, whereas the cash dividends shall not be less than 10% of the total dividends distributed to shareholders.	20. If there is profit in the preceding fiscal year, the Company shall provide for and pay taxes, offset its losses in previous years, set aside a legal reserve at 10% of the profits, <u>and then, pay not more than 1% of the remaining profits as the remuneration to directors and not less than 1% of the remaining profits as the bonus to employees. The Company may issue stock bonuses to employees, including employees of an affiliated company, meeting the conditions set by the board of directors.</u> As for the dividends distribution, a plan of distribution of dividends shall be proposed by the board of directors according to the dividend policy set forth in Paragraph 2 of this Article, and submitted to shareholders' meeting for approval. Considering that the Company is in a growth stage, for the purpose of matching the overall environment and characteristics of the industry, and for the goal of achieving sustainable operation and long-term interests of shareholders, the dividend policy shall take into consideration factors such as the Company's current operating conditions and the capital budgeting plans of the subsequent year. In principle, dividends to shareholders shall be distributed in a combination of cash and shares, whereas the cash dividends shall not be less than 10% of the total dividends distributed to shareholders.	Amended in accordance with the announcement of the authority.
20-1.Company shall <u>pay not less than 1% of the profit in the preceding fiscal year as the bonus to employees and pay not more than 1% of the profit as the remuneration to directors.</u> <u>However, the company's accumulated losses shall have been covered.</u> <u>The distribution of employees' compensation shall be in the form of shares or in cash, and employees entitled to receive shares or cash include the employees of subsidiaries of the company meeting certain specific requirements.</u> <u>The profit in the preceding fiscal year in paragraph 1 is defined as the profit before tax of the preceding year before deduction of the bonus to employees and the remuneration to directors.</u> <u>The distribution of bonus to employees and the remuneration to directors shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.</u>		Addition in accordance with the announcement of the authority.
22.These Articles of Incorporation were resolved on April 30, 2003. The first amendment was made on July 3, 2003; the second amendment was made on February 23, 2004; the third amendment was made on June 21, 2005; the fourth amendment was made on August 30, 2007; the fifth amendment was made on June 16, 2009; the sixth amendment was made on June 10, 2010; the seventh amendment was made on November 30, 2010; the eighth amendment was made on June 30, 2011; the ninth amendment was made on June 6, 2014; <u>the tenth amendment was made on June 8, 2016.</u>	22.These Articles of Incorporation were resolved on April 30, 2003. The first amendment was made on July 3, 2003; the second amendment was made on February 23, 2004; the third amendment was made on June 21, 2005; the fourth amendment was made on August 30, 2007; the fifth amendment was made on June 16, 2009; the sixth amendment was made on June 10, 2010; the seventh amendment was made on November 30, 2010; the eighth amendment was made on June 30, 2011; the ninth amendment was made on June 6, 2014.	Addition to amendment dates.

## **Attachment 2**

### **Hermes Microvision, Inc. 2015 Business Report**

Along with the geometry migration to advanced process technology nodes, the increasing architectural, manufacturing and material complexities will result in more inspection layers and more killer defects in the semiconductor manufacturing process. We expect e-beam inspection or EBI tools to gain market share from the main stream optical inspection system at the leading edge technology nodes, given their superior technical performance in resolution and sensitivity.

However, in 2015, the unfavorable emerging markets foreign exchange rate against US dollars and macroeconomic uncertainties resulted in sluggish end-user electronics demand. Semiconductor manufacturing companies thus turned cautious in capital investments. Therefore, the sales revenue and net income of the Company slightly declined on a year on year basis.

Due to challenging business environment, HMI's 2015 operating revenue was NT\$ 6.65 billion, representing a 7.8% annual decline compared with NT\$7.21 billion generated in 2014. HMI's 2015 net income was NT\$2.32 billion, and EPS was NT\$32.70.

Despite the decline in revenue and profitability, HMI proactively collaborated with clients and other semiconductor wafer fabrication equipment companies to develop e-beam technologies. HMI has been committed to the research and manufacturing of EBI tools and solutions since our company first started. Today, we offer a wide range of EBI products based on our proprietary electron gun and column technologies and highly effective defect inspection algorithms to meet the various needs of our customers. Besides being dedicated to the development of our core EBI technology, HMI is also devoted into broadening our EBI application to optimize EBI utilization and create value to our clients.

In 2015, HMI was ranked as top 5% of the public companies in Taiwan which participated in the first yearly corporate governance review. That was to show HMI's commitment to achieve objectives set and pursued in the context of the social, regulatory and market environment, stakeholders' interests, and to create corporate sustainability.

Looking ahead to 2016, as leading logic semiconductor manufacturing companies migrate down to 10 nm and even more advanced technologies and memory semiconductor manufacturing companies develop 3-dimensional NAND devices, in increasing architectural and manufacturing complexities result in more defects, and it's increasingly difficult to manage production yield rate. Therefore, customer demand for high-end process control technology gradually increases. HMI is committed to develop next-generation inspection solutions alongside our customers and seek to introduce new system capabilities and features that would help address their technological difficulties and improve their yield rate. HMI will continue to enhance our product performance and improve our customer service, so as to take on the market's keen challenge and deliver business growth even under challenging macroeconomic environment.

Chairman: Chin-Yung Hsu

President: Chung-Shih Pan

CFO: Hsiao-Lien Shen

### **Attachment 3**

#### **Hermes Microvision, Inc. Audit Committee's Review Report**

The Financial Statements of Hermes Microvision, Inc. in fiscal year 2015 have been duly audited by PricewaterhouseCoopers and are believed to fairly represent the financial standing, operation results and cash flows of Hermes Microvision, Inc.. The Audit Committee has duly reviewed the Financial Statements along with the Business Report and proposal for profits distribution and hereby verify that they comply with the requirements of Company Law and relevant regulations. This report is duly submitted in accordance with Article 219 of the Company Law, and I, as the Chairman of the Audit Committee hereby submit this report.

To Hermes Microvision, Inc. 2016 Annual General Shareholders' Meeting

**Hermes Microvision, Inc.**

Chairman of the Audit Committee: Han-Liang Hu

March 1, 2016

## **Attachment 4**

### **Details of employee compensation and directors' remuneration plan**

The Board of Directors adopted a proposal for 2015 compensation to employee and remuneration to directors at its Meeting on March 1, 2016. The proposal will be effected upon the approval of shareholders at the Annual Shareholders' Meeting on June 8, 2016

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1. Employees' compensation: NT\$132,273,823.
2. Directors' remuneration: NT\$13,200,000.
3. The amounts of the aforementioned items, which were expensed in 2015, do not materially differ from the amounts proposed by the Board of Directors.

## Attachment 5

HERMES MICROVISION, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

Assets			2015		2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,260,389	51	\$ 7,230,183	49
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		-	-	1,101,805	7
1147	Bond investments without active	6(4)				
	markets - current		2,828,250	18	1,266,000	9
1170	Accounts receivable, net	6(5)	911,204	6	2,633,803	18
1180	Accounts receivable - related	7				
	parties		386,373	2	69,639	-
1200	Other receivables		3,698	-	5,263	-
1210	Other receivables - related parties		-	-	417	-
130X	Inventories, net	6(6)	1,563,101	10	816,609	6
1410	Prepayments		7,010	-	17,743	-
11XX	Current Assets		13,960,025	87	13,141,462	89
Non-current assets						
1523	Available-for-sale financial assets	6(3)				
	- noncurrent		13,978	-	7,450	-
1550	Investments accounted for using	6(7)				
	the equity method		1,062,726	7	939,980	6
1600	Property, plant and equipment, net	6(8)	907,315	6	681,954	5
1780	Intangible assets	6(9)	21,623	-	8,392	-
1840	Deferred income tax assets	6(23)	56,638	-	50,129	-
1920	Refundable deposits		233	-	2,050	-
15XX	Non-current assets		2,062,513	13	1,689,955	11
1XXX	Total assets		\$ 16,022,538	100	\$ 14,831,417	100

(Continued)

HERMES MICROVISION, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2170	Accounts payable		\$ 84,939	1	\$ 116,362	1
2180	Accounts payable - related parties	7	57,071	-	91,326	1
2200	Other payables	6(10)(12)	968,147	6	780,040	5
2220	Other payables - related parties	7	214,417	1	182,428	1
2230	Current income tax liabilities	6(23)	168,582	1	265,634	2
2250	Provisions for liabilities - current	6(13)	1,808,182	11	1,471,138	10
2300	Other current liabilities		5,613	-	7,555	-
21XX	Current Liabilities		3,306,951	20	2,914,483	20
Non-current liabilities						
2570	Deferred income tax liabilities	6(23)	16,586	-	12,147	-
2600	Other non - current liabilities	6(11)	116,103	1	76,926	-
25XX	Non - current liabilities		132,689	1	89,073	-
2XXX	Total Liabilities		3,439,640	21	3,003,556	20
Equity						
3110	Share capital - common stock	6(14)	710,000	4	710,000	5
3200	Capital surplus	6(15)	5,436,908	34	5,431,196	37
	Retained earnings	6(16)				
3310	Legal reserve		789,999	5	466,206	3
3350	Unappropriated retained earnings		5,574,668	35	5,170,809	35
	Other equity interest	6(17)				
3400	Other equity interest		71,323	1	49,650	-
3XXX	Total equity		12,582,898	79	11,827,861	80
Significant contingent liabilities		9				
and unrecognized contract						
commitments						
3X2X	Total liabilities and equity		\$ 16,022,538	100	\$ 14,831,417	100

The accompanying notes are an integral part of these parent company only financial statements.



HERMES MICROVISION, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
4000	<b>Operating revenue</b>	6(18) and 7	\$ 6,724,191	100	\$ 7,390,177	100
5000	<b>Operating costs</b>	6(6) and 7	( 2,349,780)	( 35)	( 2,496,856)	( 34)
5900	<b>Net operating margin</b>		<u>4,374,411</u>	<u>65</u>	<u>4,893,321</u>	<u>66</u>
	<b>Operating expenses</b>	6(21)(22) and 7				
6100	Selling expenses		( 415,645)	( 6)	( 393,913)	( 5)
6200	General and administrative expenses		( 302,745)	( 5)	( 221,447)	( 3)
6300	Research and development expenses		( 1,374,763)	( 20)	( 1,176,668)	( 16)
6000	<b>Total operating expenses</b>		<u>( 2,093,153)</u>	<u>( 31)</u>	<u>( 1,792,028)</u>	<u>( 24)</u>
6900	<b>Operating profit</b>		<u>2,281,258</u>	<u>34</u>	<u>3,101,293</u>	<u>42</u>
	<b>Non-operating income and expenses</b>					
7010	Other income	6(19)	69,966	1	93,019	1
7020	Other gains and losses	6(20)	207,517	3	319,013	5
7070	Share of profit of subsidiaries	4(15) and 6(7)	<u>73,273</u>	<u>1</u>	<u>77,973</u>	<u>1</u>
7000	<b>Total non-operating income and expenses</b>		<u>350,756</u>	<u>5</u>	<u>490,005</u>	<u>7</u>
7900	<b>Profit before income tax</b>		<u>2,632,014</u>	<u>39</u>	<u>3,591,298</u>	<u>49</u>
7950	Income tax expense	6(23)	( 310,580)	( 5)	( 353,370)	( 5)
8200	<b>Profit for the year</b>		<u>\$ 2,321,434</u>	<u>34</u>	<u>\$ 3,237,928</u>	<u>44</u>
	<b>Other comprehensive income</b>	6(11)(17)				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		( \$ 38,291)	-	( \$ 8,842)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	<u>6,509</u>	<u>-</u>	<u>1,503</u>	<u>-</u>
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<u>( 31,782)</u>	<u>-</u>	<u>( 7,339)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Other comprehensive income, before tax, exchange differences on translation		26,112	-	41,798	-
8399	Income tax relating to the components of other comprehensive income	6(23)	( 4,439)	-	( 7,105)	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		<u>21,673</u>	<u>-</u>	<u>34,693</u>	<u>-</u>
8300	<b>Other comprehensive (loss) income for the year</b>		<u>( \$ 10,109)</u>	<u>-</u>	<u>\$ 27,354</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 2,311,325</u>	<u>34</u>	<u>\$ 3,265,282</u>	<u>44</u>
9750	<b>Basic earnings per share</b>	6(24)	<u>\$</u>	<u>32.70</u>	<u>\$</u>	<u>45.60</u>
9850	<b>Diluted earnings per share</b>	6(24)	<u>\$</u>	<u>32.64</u>	<u>\$</u>	<u>45.55</u>

The accompanying notes are an integral part of these parent company only financial statements.

HERMES MICROVISION, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Cumulative translation differences of foreign operations	Total equity
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	
<u>For the year ended December 31, 2014</u>							
Balance at January 1, 2014		\$ 710,000	\$ 5,427,023	\$ 231,846	\$ 4,144	\$ 3,306,436	\$ 14,957 \$ 9,694,406
Appropriation of 2013 earnings							
Legal reserve		-	-	234,360	-	( 234,360 )	- -
Special reserve		-	-	-	( 4,144 )	4,144	- -
Cash dividends		-	-	-	-	( 1,136,000 )	- ( 1,136,000 )
Profit for the year		-	-	-	-	3,237,928	- 3,237,928
Adjustments arising from changes in percentages of ownership in subsidiary	6(15)	-	4,173	-	-	-	- 4,173
Other comprehensive income for the year	6(17)	-	-	-	-	( 7,339 )	34,693 27,354
Balance at December 31, 2014		<u>\$ 710,000</u>	<u>\$ 5,431,196</u>	<u>\$ 466,206</u>	<u>\$ -</u>	<u>\$ 5,170,809</u>	<u>\$ 49,650</u> <u>\$ 11,827,861</u>
<u>For the year ended December 31, 2015</u>							
Balance at January 1, 2015		\$ 710,000	\$ 5,431,196	\$ 466,206	\$ -	\$ 5,170,809	\$ 49,650 \$ 11,827,861
Appropriation of 2014 earnings							
Legal reserve		-	-	323,793	-	( 323,793 )	- -
Cash dividends		-	-	-	-	( 1,562,000 )	- ( 1,562,000 )
Profit for the year		-	-	-	-	2,321,434	- 2,321,434
Adjustments arising from changes in percentages of ownership in subsidiary	6(15)	-	2,313	-	-	-	- 2,313
Share-based payment transaction	6(12)	-	3,399	-	-	-	- 3,399
Other comprehensive (loss) income for the year	6(17)	-	-	-	-	( 31,782 )	21,673 ( 10,109 )
Balance at December 31, 2015		<u>\$ 710,000</u>	<u>\$ 5,436,908</u>	<u>\$ 789,999</u>	<u>\$ -</u>	<u>\$ 5,574,668</u>	<u>\$ 71,323</u> <u>\$ 12,582,898</u>

The accompanying notes are an integral part of these parent company only financial statements.

HERMES MICROVISION, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax for the year		\$ 2,632,014	\$ 3,591,298
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for doubtful accounts		-	7,505
Depreciation	6(8)(21)	58,134	36,396
Amortization	6(9)(21)	6,310	3,254
Loss from disposal of property, plant, equipment and intangible assets	6(20)	692	-
Compensation cost for employees option	6(12)	897	-
Compensation cost of stock appreciation right	6(12)(22)	365,744	306,057
Share of profits of subsidiaries		( 73,273 )	( 77,973 )
Revaluation of financial assets at fair value		( 6,063 )	( 1,805 )
Interest income	6(19)	( 68,084 )	( 69,909 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		1,722,599	( 1,268,051 )
Accounts receivable - related parties		( 316,734 )	312,283
Other receivables		1,239	4,858
Other receivables - related parties		417	668
Inventories		( 771,314 )	31,138
Prepayments		10,842	( 8,200 )
Net changes in liabilities relating to operating activities			
Accounts payable		( 31,423 )	18,074
Accounts payable - related parties		( 34,255 )	( 144,253 )
Other payables		( 135,899 )	28,677
Other payables - related parties		31,989	33,865
Provisions for liabilities		337,044	498,879
Other current liabilities		( 1,942 )	2,616
Other non- current liabilities		887	( 2,132 )
Cash generated from operations		3,729,821	3,303,245
Interest received		68,410	69,638
Income tax paid		( 407,633 )	( 240,584 )
Net cash provided by operating activities		<u>3,390,598</u>	<u>3,132,299</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in financial assets at fair value through profit or loss		1,107,868	( 1,100,000 )
Proceeds from disposal (acquisition) of bond investments without active markets - current		( 1,562,250 )	1,625,085
Acquisition of available-for-sales financial assets - non - current		( 6,528 )	( 3,038 )
Acquisition of investments accounted for using the equity method		( 18,546 )	-
Acquisition of property, plant and equipment	6(25)	( 301,212 )	( 469,437 )
Proceeds from disposal of property, plant, equipment and intangible assets		-	11
Acquisition of intangible assets	6(9)	( 19,541 )	( 6,618 )
Decrease (increase) in refundable deposits		1,817	( 1,930 )
Net cash (used in) provided by investing activities		<u>( 798,392 )</u>	<u>44,073</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITY</u></b>			
Cash dividends paid		( 1,562,000 )	( 1,136,000 )
Increase in cash and cash equivalents		1,030,206	2,040,372
Cash and cash equivalents at beginning of year	6(1)	7,230,183	5,189,811
Cash and cash equivalents at end of year	6(1)	<u>\$ 8,260,389</u>	<u>\$ 7,230,183</u>

The accompanying notes are an integral part of these parent company only financial statements.

## Attachment 6

**HERMES MICROVISION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31**

(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2015		December 31, 2014			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	8,559,779	51	\$	7,396,471	49
1110	Financial assets at fair value	6(2)						
	through profit or loss - current			-	-		1,101,805	7
1147	Investments in debt instrument	6(4)						
	without active markets			2,828,250	17		1,266,000	8
1170	Accounts receivable, net	6(5)		1,329,965	8		2,661,783	18
1180	Accounts receivable - related	7						
	parties			29,332	-		20,134	-
1200	Other receivables			3,760	-		7,306	-
130X	Inventories, net	6(6)		2,634,265	16		1,744,812	12
1410	Prepayments			160,236	1		94,412	1
1470	Other current assets			60,856	-		4,851	-
11XX	Current Assets			15,606,443	93		14,297,574	95
Non-current assets								
1523	Available - for - sale financial	6(3)						
	assets - noncurrent			32,524	-		7,450	-
1550	Investments accounted for under							
	equity method			-	-		-	-
1600	Property, plant and equipment, net	6(7)		975,021	6		749,531	5
1780	Intangible assets	6(8)		25,203	-		12,357	-
1840	Deferred income tax assets			56,638	1		50,129	-
1900	Other non - current assets			9,452	-		9,435	-
15XX	Non - current assets			1,098,838	7		828,902	5
1XXX	Total assets		\$	16,705,281	100	\$	15,126,476	100

(Continued)

**HERMES MICROVISION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31**

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2015		December 31, 2014			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2170	Accounts payable		\$	106,129	1	\$	177,559	1
2200	Other payables	6(9)		1,690,655	10		1,080,525	7
2220	Other payables - related parties	7		43,663	-		78,177	-
2230	Current income tax liabilities			182,404	1		267,987	2
2250	Provisions for liabilities - current	6(12)		1,808,182	11		1,471,138	10
2300	Other current liabilities			105,292	-		87,053	1
21XX	Current Liabilities			3,936,325	23		3,162,439	21
Non-current liabilities								
2570	Deferred income tax liabilities			16,586	-		12,147	-
2600	Other non - current liabilities	6(10)		116,103	1		76,926	-
25XX	Non - current liabilities			132,689	1		89,073	-
2XXX	Total Liabilities			4,069,014	24		3,251,512	21
Equity								
Equity attributable to owners of parent company								
Share capital								
3110	Share capital - common stock	6(13)		710,000	4		710,000	5
3200	Capital surplus	6(14)		5,436,908	33		5,431,196	36
	Retained earnings	6(15)						
3310	Legal reserve			789,999	5		466,206	3
3350	Unappropriated retained earnings			5,574,668	33		5,170,809	34
	Other equity interest	6(16)						
3400	Other equity interest			71,323	1		49,650	-
31XX	Equity attributable to owners of the parent company			12,582,898	76		11,827,861	78
36XX	Non - controlling interest			53,369	-		47,103	1
3XXX	Total equity			12,636,267	76		11,874,964	79
Significant contingent liabilities and unrecognised contract commitments		9						
3X2X	Total liabilities and equity		\$	16,705,281	100	\$	15,126,476	100

**HERMES MICROVISION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Years ended December 31			
			2015		2014	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(17) and 7	\$	6,651,805	100	\$	7,209,650
5000 <b>Operating costs</b>	6(6)	(	1,975,436)	(30)	(	2,143,885)
5900 <b>Net operating margin</b>			4,676,369	70		5,065,765
<b>Operating expenses</b>	6(20)(21) and 7					
6100 Selling expenses		(	541,434)	(8)	(	518,097)
6200 General and administrative expenses		(	469,907)	(7)	(	358,202)
6300 Research and development expenses		(	1,194,282)	(18)	(	961,186)
6000 <b>Total operating expenses</b>		(	2,205,623)	(33)	(	1,837,485)
6900 <b>Operating profit</b>			2,470,746	37		3,228,280
<b>Non-operating income and expenses</b>						
7010 Other income	6(18)		78,225	1		102,553
7020 Other gains and losses	6(19)		213,363	4		323,710
7000 <b>Total non-operating income and expenses</b>			291,588	5		426,263
7900 <b>Profit before tax</b>			2,762,334	42		3,654,543
7950 Income tax expense	6(22)	(	440,586)	(7)	(	412,607)
8200 <b>Profit for the year</b>		\$	2,321,748	35	\$	3,241,936
<b>Other comprehensive income for the year</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311 Actuarial loss on defined benefit plan		( \$	38,291)	-	( \$	8,842)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			6,509	-		1,503
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361 Cumulative translation differences of foreign operations			31,074	-		44,455
8399 Income tax relating to the components of other comprehensive income	6(22)	(	4,439)	-	(	7,105)
8360 <b>Summary of components of other comprehensive income that will be reclassified to profit or loss</b>			26,635	-		37,350
8300 <b>Other comprehensive income for the year</b>		( \$	5,147)	-	\$	30,011
8500 <b>Total comprehensive income for the year</b>		\$	2,316,601	35	\$	3,271,947
<b>Profit, attributable to:</b>						
8610 Equity holders of the parent company		\$	2,321,434	35	\$	3,237,928
8620 Non-controlling interest			314	-		4,008
<b>Profit for the year</b>		\$	2,321,748	35	\$	3,241,936
<b>Total comprehensive income attributable to:</b>						
8710 Equity holders of the parent company		\$	2,311,325	35	\$	3,265,282
8720 Non-controlling interest			5,276	-		6,665
<b>Total comprehensive income for the year</b>		\$	2,316,601	35	\$	3,271,947
<b>Earnings per share</b>						
9750 <b>Basic earnings per share</b>	6(23)	\$	32.70		\$	45.60
9850 <b>Diluted earnings per share</b>	6(23)	\$	32.64		\$	45.55

HERMES MICROVISION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Retained Earnings					Cumulative translation differences of foreign operations	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>For the year ended December 31, 2014</u>										
Balance at January 1, 2014		\$ 710,000	\$ 5,427,023	\$ 231,846	\$ 4,144	\$ 3,306,436	\$ 14,957	\$ 9,694,406	\$ 38,626	\$ 9,733,032
Distribution of 2013 earnings										
Legal reserve		-	-	234,360	-	( 234,360 )	-	-	-	-
Reversal of special reserve		-	-	-	( 4,144 )	4,144	-	-	-	-
Cash dividends		-	-	-	-	( 1,136,000 )	-	( 1,136,000 )	-	( 1,136,000 )
Profit for the year		-	-	-	-	3,237,928	-	3,237,928	4,008	3,241,936
Other comprehensive income for the year	6(16)	-	-	-	-	( 7,339 )	34,693	27,354	2,657	30,011
Adjustments arising from changes in percentages of ownership in subsidiary	6(14)	-	4,173	-	-	-	-	4,173	1,812	5,985
Balance at December 31, 2014		<u>\$ 710,000</u>	<u>\$ 5,431,196</u>	<u>\$ 466,206</u>	<u>\$ -</u>	<u>\$ 5,170,809</u>	<u>\$ 49,650</u>	<u>\$ 11,827,861</u>	<u>\$ 47,103</u>	<u>\$ 11,874,964</u>
<u>For the year ended December 31, 2015</u>										
Balance at January 1, 2015		\$ 710,000	\$ 5,431,196	\$ 466,206	\$ -	\$ 5,170,809	\$ 49,650	\$ 11,827,861	\$ 47,103	\$ 11,874,964
Legal reserve		-	-	323,793	-	( 323,793 )	-	-	-	-
Cash dividends		-	-	-	-	( 1,562,000 )	-	( 1,562,000 )	-	( 1,562,000 )
Profit for the year		-	-	-	-	2,321,434	-	2,321,434	314	2,321,748
Share-based payment transaction		-	3,399	-	-	-	-	3,399	-	3,399
Other comprehensive income for the year	6(16)	-	-	-	-	( 31,782 )	21,673	( 10,109 )	4,962	( 5,147 )
Adjustments arising from changes in percentages of ownership in subsidiary	6(14)	-	2,313	-	-	-	-	2,313	990	3,303
Balance at December 31, 2015		<u>\$ 710,000</u>	<u>\$ 5,436,908</u>	<u>\$ 789,999</u>	<u>\$ -</u>	<u>\$ 5,574,668</u>	<u>\$ 71,323</u>	<u>\$ 12,582,898</u>	<u>\$ 53,369</u>	<u>\$ 12,636,267</u>

**HERMES MICROVISION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Consolidated profit before tax for the year		\$ 2,762,334	\$ 3,654,543
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for doubtful accounts		-	7,505
Depreciation	6(7)(20)	79,642	57,322
Amortization	6(8)(20)	8,203	5,110
Revaluation of financial assets at fair value	6(19)	( 6,063 )	( 1,805 )
Loss on disposal of property, plant, equipment and intangible assets	6(19)	638	( 27 )
Compensation cost of employee stock option	6(11)(21)	5,436	2,817
Compensation cost of stock appreciation right	6(11)(21)	840,603	573,702
Interest income	6(18)	( 68,342 )	( 70,115 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		1,331,819	( 1,104,891 )
Accounts receivable - related parties		( 9,198 )	( 6,767 )
Other receivables		3,219	10,302
Inventories		( 884,051 )	( 192,628 )
Prepayments		72,712	( 56,734 )
Other current assets		( 56,003 )	28,900
Net changes in liabilities relating to operating activities			
Accounts payable		( 71,430 )	27,856
Accounts payable - related parties		-	( 328 )
Other payables		( 188,734 )	( 129,957 )
Other payables - related parties		( 34,514 )	( 9,446 )
Provisions for liabilities		337,044	498,879
Other current liabilities		18,239	82,114
Other non - current liabilities		886	( 2,132 )
Cash generated from operations		4,142,440	3,374,220
Interest received		68,668	69,844
Income tax paid		( 624,420 )	( 314,454 )
Net cash provided by operating activities		<u>3,586,688</u>	<u>3,129,610</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in financial assets at fair value through profit or loss		1,107,868	( 1,100,000 )
Proceeds from disposal of bond investments without active markets-current		( 1,562,250 )	1,625,085
Acquisition of available - for - sale financial assets - non - current		( 25,074 )	( 3,038 )
Acquisition of property, plant and equipment		( 326,170 )	( 489,032 )
Proceeds from disposal of property, plant, equipment and intangible assets		160	38
Acquisition of intangible assets	6(8)	( 20,966 )	( 6,618 )
Increased in deposits - out		( 18 )	( 632 )
Net cash (used in) provided by investing activities		<u>( 826,450 )</u>	<u>25,803</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Cash dividends paid		( 1,562,000 )	( 1,136,000 )
Proceeds from the exercise of subsidiaries' employees stock option		1,265	-
Net cash used in financing activities		<u>( 1,560,735 )</u>	<u>( 1,136,000 )</u>
Effect of fluctuations in exchange rate		( 36,195 )	6,356
Increase in cash and cash equivalents		1,163,308	2,025,769
Cash and cash equivalents at beginning of year	6(1)	7,396,471	5,370,702
Cash and cash equivalents at end of year	6(1)	<u>\$ 8,559,779</u>	<u>\$ 7,396,471</u>



## Attachment 7

### Hermes Microvision, Inc. Profit Allocation Proposal December 31, 2015

	Unit: NT\$
Unappropriated Retained Earnings of Previous Years	\$3,285,016,449
Plus: Net Income of 2015 <sup>1</sup>	2,321,433,565
Less: Employee Compensation Calculation Loss	(31,781,565)
10% Legal Reserve	(232,143,357)
Retained Earnings Available for Distribution as of December 31, 2015	5,342,525,092
Distribution Item:	
Cash Dividends to Common Share Holders (NT\$16 per share)	(1,136,000,000)
Unappropriated Retained Earnings	<u>\$ 4,206,525,092</u>

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<sup>1</sup> After expensing the following:

- Employees' cash bonus and profit sharing of NT\$132,273,823.
- Directors' compensation of NT\$ 13,200,000.

## Attachment 8

### Hermes Microvision, Inc.

#### Comparison of the Original Text and the Amended Text in “Rules Governing Director Elections”

After revision	Before revision	Remarks
4.4For elections of the Company’s <u>directors (including independent directors)</u> , the candidates shall be nominated in accordance with the candidate nomination system and procedure prescribed by Article 192-1 of the Company Act.	4.4For elections of the Company’s independent directors, the candidates shall be nominated in accordance with the candidate nomination system and procedure prescribed by Article 192-1 of the Company Act.	Amended in accordance with the Company’s policy.